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L.A. AMBASSADORS ISSUE DOCUMENT ON FALKLANDS

PY202122 Buenos Aires TELAM in Spanish 1623 GMT 20 Nov 86

[Text] Buenos Aires, 20 Nov (TELAM) -- The ambassadors of Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, El Salvador, Ecuador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela have released a document, which has been submitted to the French Government, in which they express their support of and solidarity with Argentina in its claim to the Malvinas Islands, thus following the policy of their respective foreign ministries.

In addition, they expressed their concern over this new source of tension that has altered the [word indistinct] situation in the southwestern Atlantic. The ambassadors note the directive of the OAS Permanent Council that is contained in its 11 November resolution regarding the support that must be given to the efforts of the international cummunity in seeking peaceful negotiations in everything [words indistinct] of the Malvinas dispute, including the matter of sovereignty, in accordance with OAS and UN resolutions.

BRIEFS

ODCA NAMES NEW PRESIDENT -- Renan Fuentealba, former president of the Chilean Christian Democratic Party, has been appointed president of the Christian Democratic Organization of America, ODCA, replacing Osvaldo Hurtado, a former Ecuadoran president, during a meeting held in Buenos Aires. The other members of this organization are: Antonio Morales (Englich) of El Salvador; Juan (Polo) of Colombia; Maria (Liveria de Peters) of the Netherlands Antilles; and Carlos Auyero of Argentina. Hilario Cardozo of Venezuela was appointed ODCA secretary general. [Summary] [Santiago Radio Chilean in Spanish 1600 GMT 19 Nov 86 PY]

ALFONSIN SAYS THATCHER ISOLATED BRITAIN

PY210026 Buenos Aires TELAM in Spanish 2221 GMT 20 Nov 86

[Text] Massachusetts, U.S., 20 Nov (TELAM) -- President Raul Alfonsin today stated that British Prime Minister Margaret Thatcher has isolated her country from the international community. Alfonsin made the statement at a press conference held in [Amherst] Massachusetts.

Alfonsin added that as a result of the British isolation, only four countries voted against the latest UN General Assembly resolution urging the two parties to start a dialogue to seek a peaceful solution to those problems stemming from the Malvinas sovereignty issue: Great Britain, [words indistinct] and Belize.

Commenting on the foreign debt, Alfonsin said that this problem not only affects Argentina, but Latin America as a whole. He said: We are trying to consolidate our democracy amid economic hardships. This is why we are asking for the understanding and support of the developed countries.

Alfonsin said that Argentina wants a society that will be exclusively devoted to promoting human dignity. He added: We believe that only through a pluralist democracy can we achieve specific, positive results.

Alfonsin made these remarks at a press conference with local reporters.

In reply to another question, Alfonsin said: We are grateful to the U.S. Government for having consistently supported Argentina on every UN General Assembly resolution on the Malvinas issue.

CAPUTO BLASTS BRITISH COLONIALISM IN FALKLANDS

PY210230 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2200 GMT 20 Nov 86

[By NOTICIAS ARGENTINAS special correspondent]

[Text] New York, 20 Nov (NA) -- Speaking today before the nonaligned countries plenum meeting (MPNAL), Foreign Minister Dante Caputo reasserted that "the Argentine Government is truly a peace-loving government," but that "it will not remain impassive before those who assume an aggressive attitude that violates the most precious principles of coexistence between states."

Caputo also said that the British decision to extend the economic exclusion zone around the Malvinas Islands is tantamount to the consolidation "of a colony through a new usurpation," because it is expanding "the dispute to an area over which until now it had not adopted any position or taken any actions."

Caputo asserted that the measure adopted by the United Kingdom "is a source of tension and possible conflict in the area" and that the so-called "declaration on fishing in southwestern Atlantic waters" that was issued by the British Government on 24 October "seeks to strengthen its position over the basic issue -- that is, the sovereignty dispute over the islands."

Caputo said that the British declaration was not issued solely to safeguard fishing resources in the area and that "this clearly reflects the (?colonialist) guidelines of the British policy in the South Atlantic."

He added that "this policy violates the UN Charter, the UN General Assembly resolutions, and the principles and declarations of the Nonaligned Movement.

Caputo asserted that his attitude contradicts the United Kingdom's theory of refusing to discuss the sovereignty issue but agreeing to discuss "pratical issues." He said that by issuing this declaration, the British are showing that the heart of the dispute indeed is the sovereignty of the islands and the rights this entails."

Speaking with vehemence, Caputo reasserted "Argentina's sovereignty over the Malvinas, South Georgias, and South Sandwich Islands, the rights of sovereignty and jurisdiction over their waters, and the seabed and sea subsoil that surround them." Caputo denied that "the British have any right to claim any sovereignty or jurisdiction over these areas."

Caputo added that "the Argentine Government is truly a peace-loving government," but that "it will not remain impassive before those who assume an aggressive attitude that violates the most precious principles of coexistence between states."

Caputo said that the government of Margaret Thatcher "cannot expect Argentina, which will never renounce its claims and which sees its inalienable rights and interests attacked by the colonial presence, to remain indifferent while its sovereignty and the security of the entire area is threatened," adding "particularly when the United Kingdom categorically refuses to seek a negotiated solution to the dispute between our two countries."

The foreign minister also said: "We will firmly continue to claim what is legitimately ours, and we shall continue to seek a peaceful solution to this dispute through diplomatic channels and through international support."

Caputo told the nonaligned plenum that the extension of the British exclusion zone, the overall plans that London has in the area, and the militarization of the islands "creates a new focus of tension between the two great military alliances and it entails the indefinite extension of colonialism in Latin America."

Nonaligned Reaffirm Support

PY202330 Buenos Aires TELAM in Spanish 2051 GMT 20 Nov 86

[Text] Buenos Aires, 20 Nov (TELAM) -- The Governments of Yugoslavia, Peru, Trinidad and Tobago, Bolivia, Algeria, Morocco, and India today reasserted their support for Argentina in view of the British aggression undermining Argentine sovereign rights over the Malvinas Islands.

The Foreign Ministry this afternoon reported that the representatives of these countries, who are meeting in New York, informed Argentine Foreign Minister Dante Caputo about this resolution during preparatory meetings of the UN General Assembly to be held on 24 November.

Caputo is in New York with Deputy Ruben Cardozo of the Justicialist Party [PJ] and Deputy Federico Storani of the Radical Civic Union [UCR]. Other legislators from the two political parties, including Jose Bordon (PJ) and Marcelo Stubrin (UCR), are expected to arrive tomorrow.

Caputo worked today at the Argentine mission so that on 24 November the Argentine Government may achieve the same international support it obtained last year.

The nonaligned meeting that was held in New York reasserted that in the declaration issued by the 8th Nonaligned Summit in Harare, which was held from 1 to 6 September, the heads of state praised the Argentine Government for making specific contributions aimed at achieving a lasting and peaceful solution to the pending dispute between Argentina and the United Kingdom.

The nonaligned summit also urged the British Government to abstain from making unilateral decisions while the sovereignty issue was still unresolved.

The nonaligned meeting deplored the enforcement of a fishing exclusion zone, which is in keeping with the British Government's continued refusal to comply with the resolutions issued by the UN General Assembly on the Malvinas Islands.

In today's meeting, the Nonaligned Movement reasserted its firm support of the right that Argentina has to regain its sovereignty over the Malvinas Islands through negotiations.

ARMY CHIEF OF STAFF ON RECONCILIATION, FALKLANDS

PY202309 Buenos Aires BUENOS AIRES HERALD in English 20 Nov 86 p 11

[Text] (NA-DYN) -- Army Chief-of-Staff General Hector Rios Erenu said here yesterday that national reconciliation was necessary to overcome permanent questioning of officers who were tried for alleged violations of human rights during the so-called dirty war against leftwing subversion.

Speaking at the unveiling of a plaque in honour of the victims of leftwing subversion at Army headquarters, Rios Erenu said a path had to be found towards national reconciliation to allow the full functioning of the country's institutions and put an end to anxiety and insecurity.

His statement came admist growing reports that the government was drafting a bill, commonly referred to as a "full stop" bill, which would include charges of excessive repression during the dirty war under the statute of limitations and define the scope of due obedience demanded of lower ranking officers.

Four retired Army generals have been ordered to stand trial by the Federal Appeals Court for alleged connections with around 100 cases of human rights violations, including illegal arrest, torture, disappearance and homicides under the jurisdicton of the Fifth Army corps in Patagonia.

The four were named as Generals Osvaldo Azpitarte, Acdel Vilas, Abel Catuzzi and Jose Luis Sexto.

Questioned on the British rejection of an Argentine proposal to end hostilities in the South Atlantic, Rios Erenu said the Army "is an instrument, the military element, and therefore all its actions are subject to the government which is framing and putting into effect this negotiation which is aimed at the defence of national sovereignty.

He said the sentiment of all Argentines was to "find a peaceful solution and restoration by means of a dialogue under the directions of the highest agency, which is the United Nations, which has recommended talks on the subject."

The British rejection "does not mean that negotiations have ended; on the contrary, it is one more step along the road which Argentina has laid out," he added.

The general eluded a question on whether the Army was working on the possibility of an armed conflict with Chile, saying instead: "We are working under the guidelines provided by the high command of the State, and not on our own decisions on this subject or any other."

Radical Deputy Victorio Bisciotti yesterday said he supported a revised "statute of limitations" to end human rights trials which would not be "an amnesty or a full stop," thus echoing virtually identical words by Defence Secretary Alfredo Mosso on Tuesday.

Mosso also said trials could be speeded up through "a more precise definition of due obedience" and called for "peace among Argentines," ending a state of "suspicion and insecurity for those who will eventually face the courts."

In his speech on Tuesday at Yale University President Raul Alfonsin said that the court system in Argentina will allow for the separation of responsibilities between military officers directly implicated in human rights violations and "those who in a general climate of confusion and compulsion obeyed orders" which did not involve "atrocious crimes."

CHILEAN EMBASSY DENIES SPY RING ALLEGATION

PY181453 Buenos Aires DYN in Spanish 1550 GMT 15 Nov 86

[Text] Buenos Aires, 15 Nov (DYN) -- An authorized source of the Chilean Embassy in Buenos Aires has termed "fantastic and foolish" the report published yesterday about the development of a spying network set up in Argentina by the government of President Augusto Pinochet to detect and neutralize the action of political refugees who oppose the Chilean regime.

"The embassy will not make any comment for the time being on this fantastic and foolish report," the source said.

Yesterday a secret report, to which DYN gained access, discussed the operation within Argentine territory of a powerful spy network of the Chilean intelligence service, with the specific objective of detecting the movement of politicians opposed to Pinochet's regime and, eventually to conduct military intelligence actions.

PAPER VIEWS FALKLANDS POLICY, RELATIONS WITH U.S.

PY191832 Buenos Aires LA PRENSA in Spanish 14 Nov 86 p 1, 4

[["Another False Step" by J. Iglesias Rouco]

[Text] From the viewpoint of diplomacy and the country's strategic interests, Mr Alfonsin's upcoming trip to the United States has two very vulnerable flanks.

In the first place it is evident that Mr Reagan cannot offer -- even less so after talking with Mrs Thatcher -- Buenos Aires any type of help that will jeopardize his alliance with the British Conservative Party. And so, on the eve of the British elections, with a Democratic majority in the Senate, and with serious disagreements within NATO, Reagan now needs this alliance more than he did in 1982. And with the White House knowing that it has to keep its distance from Buenos Aires regarding the Malvinas Islands, any initiative taken in the future by Alfonsin to seek in easing of tension with London will necessarily be interpreted as an unconditional subjection to Washington, and what is even worse as an absolute defeat in the eyes of London. This interpretation will harm Alfonsin in the 1987 elections.

In this respect, it may be said that all the efforts by the San Martin Palace in trying to obtain an Alfonsin-Reagan meeting, which we know will be very brief, have only contributed to worsening Argentina's situation. This stems from the recent British action in the islands, because a meeting of this type, will totally stagnate [enquistara] the problem. And after Shultz' public remarks and Abrams' secret indications to the Argentine Government, those results, if there are any, will be very poor.

It is possible that this was precisely the purpose of those who worked here trying to obtain this meeting. Despite flirting with the USSR, Nicaragua, and Cuba, Mr Alfonsin has always tried to keep Washington's doors open. And now his diplomacy is closing them, maybe to his distress, without him hardly noticing it. If such a closing of doors occurs, then the recent failure of our Foreign Ministry at the OAS, where it only obtained a declaration of principles that has really nothing to do with the new conflict with Great Britain, will place Argentina in a very difficult position within the region. Mr Caputo's new 'Malvinization" ["Malvinizacion"] -- with which he promised the president not only a fluid domestic "convergence" but also an overhaul of Alfonsin's role as a Latin American champion, which has become rather weak during the past few months -- will lead to total isolation. Or, to put it another way: It will leave the country without Western options in the "North" and at the same time without regional options in the "South," thus placing it at the mercy of Soviet directives. We cannot believe that this was the objective of Caputo, [Secretary for International Relations] Jorge Sabato, and [Undersecretary for International Economic Relations Jorge] Romero, who, in their meetings with the so-called "captains of industry," have recently multiplied their pro-Western, and even pro-United States remarks (something that appears to be somewhat suspicious). But, no matter how things stand, the prospects that are being offered to us fit in, point by point, with the goals of the USSR in the region. For some years now the Soviet Union has been seeking a subjugated country in this region.

In the second place, if we take into account the choice of universities at which Mr Alfonsin is going to speak during his visit to the United States, the invitations he has received, and the topics on which he will speak, then it is clear that his visit is basically to recruit, favoring the Democrats. This will probably not cause concern among the Republicans if we take into account the very little attention that the U.S. electorate pays to Latin American personalities and to the hemisphere problems (and even less to the ideas that are bandied around here).

But even so, such an evident "democratic" electoral campaign by such a sensitive president as Alfonsin in the matter of internal affairs is interference that can hardly be accepted, at least within the sphere and practice of diplomacy. This error is not the really delicate part of the undertaking, but the following is:

A. That our Foreign Ministry intends to reconcile an action of that type with state-to-state, or president-to president, negotiations without taking into account that the first almost annuls the second, or reduces it to an electoral level that reduces its importance.

B. That in the end, Alfonsin, with academic undertakings, will address a political and intellectual class that is in full retreat, despite the ups-and-downs of the Democrats and Republicans in elections and committees, or, if it is preferred, subjected to the phenomenon of a historic "transfer" of the industrial and technological power from the East to the West.

With this phenomenon real political power is lost. Thus, our president is going to go there to outline his concerns, which are also quite antiquated, to a class that is facing extinction; in other words, to the past, not to the future.

It seems that Caputo and Sabato have overlooked the fact that although the Democrats have recovered the majority in the House of Representatives, [as published] -- which is not so much due to ideological reasons but to the will of intelligent voters who want to safeguard the balance of power, particularly in times of international financial crisis and the military crisis between the United States and the USSR -- the Republicans were able to win for the first time in more than 100 years in a city like Atlanta. This shows that there is a trend among many conservative Democrats to adopt a more sincere attitude, which will surely be a point in favor of the Republicans in the next elections. Moreover, Argentine "diplomats" have also overlooked the fact that although it lost in Congress, the Republican Party won many state governments, that is, it has more power in the executive branch. This grants leeway to the White House to do what it pleases in the foreign policy field because the Senate, which together with the executive branch is responsible for establishing foreign policy guidelines, cannot easily ignore the state governments.

In sum: Alfonsin will go to the United States to talk in the air and to the air. But we are aware that he will do so in spite of what was suggested to him by our embassy in Washington, which reportedly advised against this trip, particularly when it considered two factors.

1) That the new agreements which Argentina signed with the USSR and Cuba, (including the nuclear cooperation treaty it signed with the latter) have consolidated Soviet penetration in the Southern Cone, and have resulted in the loss of the patience of the White House and even of some State Department sectors that up to now openly maintained a pro-Alfonsin posture;

2) That despite what has been said in Buenos Aires by so-called Argentine Government House commentators, the most recent British onslaught in the Malvinas Islands was something promoted more by Washington than by London, to such an extent that we can safely venture the theory that on this occasion Mrs. Thatcher sacrificed some of her interests in the EEC (although insignificant ones) to benefit the U.S. policy in the South Atlantic.

The truth is that despite the distance, this recent offensive in the South Atlantic cannot be disengaged from the most important offensive in Central America that Washington is organizing against Sandinism and against which the Alfonsin government had planned to act within the framework of the OAS, in spite of all it had already done within the Contadora Group.

In short, Caputo and his friends give no signs that they understand these truths (or as we have already said, they perhaps understand them too well but have their eyes set on other goals). All this is happening while the president is about to take another false step.

PCA LEADER FAVA OUTLINES ELECTORAL STRATEGY

PY141719 Buenos Aires TELAM in Spanish 0306 GMT 14 Nov 86

[Text] Buenos Aires, 13 Nov (TELAM) -- Argentine Communist Party [PCA] Secretary General Athos Fava today said that in 1987 the PCU electoral strategy will concentrate on attracting new political support for the people's front, to oppose the bipartisan maneuver of both Radicals and Justicialists.

Fava believes that the Radical and Peronist parties have similar projects for modernizing the existing dependence, that is, the same project but with a different name. He warned that the objective of this plan is to promote a division within the left.

Fava made this statement during a press conference on the results of the PCA's recent 16th congress in Parque Norte. During the conference, the PCA secretary referred to the creation of the national and social liberation front.

In response to a question, Fava said that the PCA considers leftist sectors all those anti-imperialist and anti-oligarchic sectors of the Justicialist and Radical Parties, especially the Radical Youth.

In this regard, Fava said that for the next elections the PCA would like those sectors to join the people's front, but without losing their identity. He explained that the more advanced leftist sectors will make up the core of the front, which other social sectors will join to create a broad front.

The PCA believes that electoral alliances can receive substantial support from voters.

Fava added that the congress ratified the PCA revolutionary identity: that is, like any other party, the PCA will struggle for power and toward this end it will create the national and social liberation front.

Fava said that Argentina's crucial decision must be for either liberation or dependence, the two alternatives that divide Argentine society.

The PCA congress condemned the social pact policy, which seeks to oppress workers and make them bear the burden of the crisis, and the reconciliation policy followed by the CGT [General Confederation of Labor] leadership. In this regard, he said that efforts are being made to create a liberation labor front within the CGT with all the combative leftist sectors, particularly from the Peronist party.

CONGRESS REOPENS HUANCHACA CASE INVESTIGATIONS

PY201937 Paris AFP in Spanish 1500 GMT 20 Nov 86

[Text] La Paz, 20 Nov (AFP) -- The Bolivian Chamber of Deputies today decided to reopen the Huanchaca case investigations (about a triple murder and the finding of a cocaine laboratory). Congress has decided to send a special investigative commission to Santa Cruz (1,000 km from this capital).

In the Huanchaca incident the prestigious Bolivian biologist Noel Kempff Mercado, his pilot, and a guide were murdered by drug traffickers last 5 September. Huanchaca is located near the border with Brazil.

Opposition congressmen have said that the crime resulted from negligence and that the DEA (Drug Enforcement Administration) agents, the U.S. troops that remained in Bolivia until last 15 November, and the national police were accomplices. The congressmen say that these people had known of the existence of the Huanchaca cocaine laboratory since last 3 August.

The Huanchaca case shook the public again last 10 November when the drug trafficking maffia murdered opposition Deputy Edmundo Salazar Terceros, who was investigating the case together with other congressmen.

Interior Minister Fernando Barthelemy, whose resignation was demanded because of his responsibility for police action, last night harshly addressed members of his own party, the Nationalist Revolutionary Movement (NMR).

During a meeting in the Congress hallway before the Congress questioning session, Barthelemy reproached his fellow party members for having allowed the reopening of investigations. The minister said he has agreed to continue investigating the Huanchaca case, but not with the participation of such a large congressional committee as the present one.

The Chamber of Deputies ended the debate on the presence of U.S. trooops in Bolivia with criticism from the Nationalist Democratic Action (ADN) bloc. The ADN reproached the executive branch for not having requested Congress the necessary authorization to carry out the operation which was supposed to help in the fight against drug trafficking.

TALKS WITH MINERS DEADLOCK OVER PAY ISSUE

PY182216 Paris AFP in Spanish 1620 GMT 16 Nov 86

[Text] La Paz, 16 Nov (AFP) -- Official and labor sources admitted here today that the negotiations over the amount of the severance pay that will be given to the miners who will be dismissed from the Mining Corporation of Bolivia (COMIBOL) have completely failed.

A few hours ago, President Victor Paz Estenssoro's cabinet rejected the demand to grant miners compensation equal to $1,500 for each year of seniority and then proceed to rehire them.

Mining and Metallurgy Jaime Villalobos has said the labor proposal was utopian, because it does not take into consideration the fact that world tin prices have fallen sharply since 24 October 1985. He also recalled that the production cost of a pound of tin in Bolivia is $12, while the world market price is only about $3.

Over 1,500 workers from the Catavi and Siglo Veinte Mines (35 km southeast of La Paz) are in La Paz staging street demonstrations and blocking central thoroughfares in order to press their demands.

Juan Lechin Oquendo, head of the Bolivian Labor Confederation, has once again denounced Paz Estenssoro for seeking to transfer the mines to the private sector and hand over the best mines to foreign companies.

MINERS' LEADER DISSATISFIED WITH LATEST OFFER

PY202131 La Paz La Red Panamericana in Spanish 1130 GMT 20 Nov 86

[Excerpt] After meeting with the president of the republic and the members of the economic team last night Francisco Lopez Arias, executive secretary of the Trade Union Federation of Bolivian Mineworkers, said that the governnent's latest proposal represents a bucket of cold water for the mineworkers.

Lopez Arias said that he hated to think of the reaction of the workers when they hear about the failure of the negotiations with the government.

After more than 4 hours of negotiations, Information Minister German Antelo told the media the following:

[Begin Antelo recording] The government has made the following decision: In addition to the benefits granted yesterday, in keeping with the labor laws, miners will receive severance pay to the equivalent of 3 months salary plus the equivalent of 2 months salary for each year of seniority. They will also receive an additional subsidy that will be based on a seniority scale.

In addition to these benefits that were discussed yesterday, the government believes that as of next year, between January and December it will be able to grant a sort of unemployment insurance. This unemployment insurance will be based on the miners minimum salary, which stands at 80 million pesos per month, and it will be granted to all miners who have been relocated since August together with those who will be relocated in this new stage. The government believes that this is the last effort it can make since it is already committing next year's income.

Moreover, the president has instructed the mines minister to talk with miners and to try to heed to their requests as far as possible. Some of them have requested that the debts they contracted last year with the general stores be paid off. This problem and all other problems, like those concerning education and health, will be dealt with by the mines minister. He will be in charge of discussing these issues with miners. [passage omitted] [end recording]

PAPER PREVIEWS PROPOSED CRUZADO PLAN CHANGES

PY210121 Rio de Janeiro O GLOBO in Portuguese 20 Nov 86 p 30

[Principal measures under study for modification of the Cruzado Plan to be announced on 21 November]

[Text] 1. Salary Escalator Clause -- Those who earn up to 15 minimum monthly salaries (12,060 cruzados) will continue to receive automatic salary readjustments whenever inflation increases 20 percent, computed from the base date for each worker's category. A worker who earns more than this limit will receive an automatic salary readjustment on the equivalent of 15 minimum monthly salaries and will be allowed to negotiate the remaining value of his salary directly with his employer. For example: A worker who makes 20,000 cruzados will receive an automatic salary readjustment on 12,060 cruzados and will be allowed to negotiate a readjustment over the remaining 7,940 cruzados directly with his employer. This so-called "cascade" formula was proposed by Labor Minister Almir Pazzianotto, but it has not yet been approved by President Sarney. However, Planalto Palace advisers assert that it most likely will be approved.

2. Realignment of Public Utility Rates -- An average 40 percent increase is expected in residential and commercial electricity rates. The commercial rate increase will be lower than the residential rate. An increase of no less than 80 percent on postal rates is likely. A readjustment of 30 percent in water supply rates, and an as yet undetermined increase in telephone service rates -- possibly around 30 percent -- are projected. Technicians at the Planning Ministry and at the Finance Ministry are still arguing over the increase in the price of steel. The Planning Ministry favors a steel price readjustment, while the Finance Ministry is totally opposed.

3. Fuels -- Readjustments in the prices for oil byproducts (gasoline, diesel oil, and fuel oil) and alcohol should be between 10 and 25 percent. Petrobras [Brazilian Petroleum Corporation], however, will not retain the profits resulting from these increases, because it will be taxed in proportion to the increase of its revenues. This tax might be levied through the Finance Operations Tax (IOF) or through another direct tax.

4. Prices of Private Enterprises -- Some prices in the private sector that have fallen behind cost will be readjusted. Basically, these products are automobiles, medicines, beverages, and cigarettes. The government is divided over increasing the price of meat. A readjustment in the price of milk will perhaps be announced only in January, because there are sufficient resources to grant subsidies for this product until December.

The price increases will be granted to the finished products, and the government will determine the readjustments on intermediary products. For example: Readjustments will be granted on the prices of automobiles, and then, on the basis of this readjustment, increases on spare parts and other components in the manufacture of automobiles will be determined accordingly. In this way, the readjustment on the margin of profit in various industrial sectors will be guaranteed. Prices will not be refrozen. The idea is that these prices will continue to be administered by the Interministerial Price Council (CIP).

5. IPI [Industrialized Products Tax] Increase -- The percentages of IPI levied on automobiles, cigarettes, and beverages will be raised. The Finance Ministry and the Planning Ministry have not yet agreed on how to use this additional revenue. The Finance Ministry wants it to go into the government's expenditure cash flow and the Planning Ministry wants it to be applied directly in government social programs.

6. End of Monetary Correction -- The government wants to end the indexation by the Consumers Price Index (IPC) of contracts that run for more than a year. To this effect, it will readjust the value of the National Treasury Obligations (OTN) outstanding through November, and ban the issuance of such instruments in the future. With the end of the OTN, the monetary correction is banished. These contracts will be readjusted on the basis of the LBC (Central Bank Certificates) variations.

7. Savings Books -- The first idea was to end the monetary correction for savings books, letting deposits be corrected on the basis of the LBC variations. An important segment of the government, however, defends the idea that the savings books remain pegged to an indexation by a price index, probably the "restricted" IPC. The changes in the savings books should be left for the second stage of the readjustment plan next week.

8. Change in Calculation of Inflation -- The government has decided to replace the Expanded Consumer Price Index (IPCA), which measures the price variations in a basket of basic products for the population earning up to 30 minimum monthly salaries, with the Restricted Consumer Price Index (IPCR), which measures the price variations for a basic basket for a population earning up to 5 minimum monthly salaries. The adoption of an inflation index by regions for the purpose of salary readjustments is a proposal favored by the PMDB [Brazilian Democrat Mobilization Party].

9. Public Servants -- The early institution of a single account, in the Treasury Secretariat, for the payroll of public servants, and the registration of public servants who have more than one source of income -- an estimated 10,000 public servants -- are two measures provided for in a 3 September decree for January implementation.

10. Salaries -- The decision to maintain the 20-cent escalator clause for those who earn up to 15 minimum monthly salaries raises a question as to what to do with the salary readjustments that fall due on the base date for each workers category. The government's initial idea was to institute free salary negotiations, ensuring automatic salary readjustments only for those who earn up to 5 minimum monthly salaries (4020 cruzados).

PAPER CRITICIZES REAGAN FOR IRAN ARMS DEAL

PY181605 Rio de Janeiro O GLOBO in Portuguese 17 Nov 86 p 4

[Editorial: "Suicidal Arms for the State"]

[Text] President Ronald Reagan has acknowledged it: He has helped the regime of the Ayotollah Khomeyni. Although discreetly, as is appropriate for all secret operations, Reagan has sent to Iran "a small quantity" of arms. While he was making this confession, Reagan asserted categorically that he was nevertheless being absolutely loyal to the ruling that was issued months ago by the U.S. courts and which had been disclosed by the U.S. State Department. The ruling stated that any U.S. company or citizen that negotiates with terrorists concerning the payment of ransom to rescue U.S. hostages is subject to legal punishment.

However, suspicion immediately arises: In confessing these actions, isn't Reagan openly admitting that he violated the law? This suspicion then grows stronger with the denials that were issued.

Reagan has denied reports stating that the arms that were exchanged for the release of the U.S. hostages in Lebanon had fallen into the hands of Lebanese rebels who support the Islamic Shiites and who are Iranian sympathizers. However, Reagan does not provide any plausible explanation to justify this incursion into secret diplomacy.

If it is not true that Reagan has armed the terrorist group to free American hostages, why then has he requested U.S. television network time to say very little and to leave one question floating in the air: What was the reason that justified the supplying of arms to Khomeyni? The Iranian Government's record of good behavior "for not being recently involved in terrorist acts against the United States" is very new, not to mention reckless. Furthermore, it is certainly something that cannot be believed.

There was also little sense in alleging that in view of the upcoming succession to the ayatollah, the United States was interested in achieving rapprochement with moderate Iranian groups. Which Iranian group would be able to take power if it were marked by what in Iran is considered a stigma, the support of the United States? In view of this donation of arms, where does the U.S. stand in its relations with Iraq, Iran's enemy in this endless war?

One week ago in Tehran people were noisily commemorating the anniversary of the attack against the U.S. Embassy. As a result of that attack U.S. diplomats were held hostage for 444 days. This date was also chosen to announce the detention and expulsion of Reagan's envoy, Robert McFarlane. As Reagan is well aware, the Islamic Holy War (Jihad), is not a harmless historic fact in the far distant past. In today's Iran, it is tantamount to any of the well-known international terrorist organizations. In the end, in the Ayatollah Khomeyni's eyes, the United States represents the devil incarnate.

However, all this entailed more than the granting of a concession or the establishment of a serious or dangerous precedent, because whenever there are exceptions to the rule, the law is not served. The bending of principles is something of which we must all be fearful.

Modern terrorism, that which issues international declarations, appoints special negotiators, and imposes its rules through blackmail, makes a mockery of the state and can destroy the state by ridiculing it. To accept terrorism as part of a contract, to make a pact with it, would be tantamount to destroying the political-legal pacts that have been painfully built throughout centuries by an entire civilization.

The anarchical nihilistic terrorism of the beginning of the century at least denied the legitimacy of the state in order to attack it. However, contemporary terrorism cunningly recognizes the legitimacy of the state to work against it and destroy it.

Ronald Reagan bears a great responsibility for the "small quantity" of arms that were delivered to Iran. In purchasing the freedom of some U.S. hostages, as has been reported by the highly reliable U.S. media, Reagan has put a price on the head of every U.S. citizen living outside the United States. Moreover, terrorists have now confirmed their conviction that kidnapping pays.

SODRE ARRIVES IN ANGOLA, MEETS OFFICIALS

For Angolan media coverage of the visit to Angola by Foreign Minister Roberto de Abreu Sodre, including his meetings with President Jose Eduardo dos Santos, Foreign Minister Afonso Van Dunem, and State Minister for Production Pedro do Castro van Dunem Loy, see the Southern Africa section of the 20 November Middle East & Africa DAILY REPORT and subsequent issues.

PINOCHET SAYS WORLD BANK LOAN 'POSITIVE'

PY210125 Santiago Radio Portales in Spanish 2230 GMT 20 Nov 86

[Relay from Iquique by Veronica Rodriguez]

[Text] President Pinochet has described as positive the granting to Chile of the second stage of the World Bank loan. During a brief visit to the Iquique free zone, the chief of state, answering a question by Radio Portales, only said: I believe that it is positive. The chief of state refused to make any further comments on the subject.

Finance Under Secretary Colonel Manuel Concha Martinez spoke to the press on the same topic. He stated that the granting of the loan will help the achievement of the growth goals that have been announced by the government. Next year's goal is set at 5 percent. Concha highlighted the fact that technical, not political, factors were taken into account for the granting of the loan.

[Begin recording] [Concha] The economic authorities always hoped that the technical factors would basically be taken into account, because our country has always complied with the demands and technical agreements to which it committed itself.

[Rodriguez] But the United States abstained.

[Concha] I would prefer not to comment on that problem because it falls within another sphere. Moreover, the most important thing for the country at this time is the fact that the World Bank loan has been approved. [end recording]

Concha stated that the fact that Chile has been granted the loan places the country on the path of ever-increasing and stable growth. Regarding the foreign debt, Concha said that, due to the measures that have been taken, it has been reduced; and that, due to the way in which the $650 million was renegotiated, there is the probability that it can be reduced appropriately.

Economy Minister Juan Carlos Delano expressed his pleasure on hearing that the World Bank loan has been granted. He stated that it will directly favor the Chilean people, especially the workers. He agreed with Concha that it is a positive sign that the technical factors, and not the political factors, were taken into account for the granting of the loan.

Del Valle on U.S. Abstention

PY210139 Santiago Radio Chilena in Spanish 2200 GMT 20 Nov 86

[Report by Jose Francisco Contreras]

[Text] Foreign Minister Jaime del Valle has stated that Chile has been granted a loan that is fundamental for its growth. He added that the approval of the loan is an expression of support of the government's economic policy and that this confirms the possibility of carrying out the economic plan. This satisfies us, he said, because it will mean an improvement for the Chilean people.

The foreign minister then referred to the abstention of the United States. It must be recalled that the U.S. Congress insists that the human rights situation in the country that is to receive the loan must be taken into account when the United States votes. Regarding the U.S. abstention, Jaime del Valle said:

[Begin Del Valle recording] We know that the U.S. Government has some problems with Congress. Therefore, we believe that those problems must be taken into account. Now, a U.S. abstention, such as today's, is in keeping with a formula of recognizing the country and its economic plan; and, in a certain way, it can only leave us satisfied, because a negative vote would have been disastrous. [end recording]

The foreign minister also referred to the address of Igor Yakovlev, the Soviet delegate to the United Nations, who described as surprising the optimism that is contained in Fernando Volio's report on the human rights situation in Chile. Yakovlev stated that Volio appears to sympathize more with the Government Junta than with the Chilean people.

Referring to Yakovlev's remarks, Jaime del Valle said that it would be interesting to know how a country where human rights are systematically violated has the audacity to raise its voice and speak about Chile. It is more than enough for a UN special observer to verify an improvement in the human rights situation for the Soviet Union to become indignant, the foreign minister added. The minister repeated that the government considered Volio's most recent report to be more objective, but concluded that because there are many points about which the authorities are not satisfied, the government will submit its viewpoints.

ECLA OFFICE TAKEOVER TO 'TARNISH' IMAGE ABROAD

PY201523 Santiago Domestic Service in Spanish 0930 GMT 20 Nov 86

[Text] Repeated occupations of ECLA's office in Santiago comply with an orchestrated plan to tarnish the Chilean image abroad. Chilean Foreign Ministry sources made these remarks in answer to requests for further details on the most recent occupation of the ECLA office. A group of people occupied the office; however, they later left.

The Foreign Ministry sources stated that the forthcoming vote on the second SAL [Structural Adjustment Loan] for Chile has made the situation in the country quite difficult, and that the only thing these people are seeking is an adverse reaction, hoping that the government will adopt measures against those who attempt to disrupt the state's internal security laws., These groups would then use this opportunity to promote a negative vote against Chile.

In this manner, these opposition groups are hoping for a U.S. decision against the granting of the loan to Chile. On the same issue, Foreign Ministry sources have stated that so far it has been learned that the United States will reportedly abstain from voting on the loan.

POLICE ARREST 59 STUDENTS FOR STREET DISORDERS

PY200247 Santiago Domestic Service in Spanish 2200 GMT 19 Nov 86

[Text] The police have reported that 59 people have been arrested for interrupting traffic at the intersection of San Isidro Street and Bernardo O'Higgins Avenue. Students have reported that the police arrested 32 women and 27 men.

The group of demonstrators made up of about 100 students was dispersed by the Carabineros. Those arrested include Gaston Suarez, student body president of the Engineering School of the University of Chile, and Rodrigo Sandoval, a member of the school's pastoral commission.

In addition, unidentified individuals set up barricades at the corner of Macul and Gecia Avenues, obstructing traffic in both directions. When the police arrived, the individuals ran away and took refuge in the area where the Eugenio Pereira Library used to be located across from the science building of the University of Chile.

SEGUEL REPLACED AS COPPER WORKERS LEADER

PY182134 Madrid EFE in Spanish 1458 GMT 18 Nov 86

[Text] Santiago, 18 Nov (EFE) -- Carlos Ogalde, a leader at the Andina Mine, today was elected president of the powerful Confederation of Chilean Copper Workers, replacing opposition labor leader Rodolfo Seguel.

Hugo Estivales, the present state counselor and advisor of a legislative commission of the Government Junta, was appointed vice president. Estivales had served in that position until he resigned because of disagreements with Seguel. Seguel, in turn, resigned from the Confederation's presidency after loosing all the suits brought against him by the state enterprise that administers the four largest Chilean copper mines.

The state enterprise dismissed Seguel from his post because he called the first protests and strikes against General Augusto Pinochet's military regime. The new Confederation leaders will remain in their posts for only 90 days. During this time they must convene a convention to elect new leaders.

BRIEFS

TRADE BALANCE SURPLUS -- The Chilean Central Bank has reported that in the January-September 1986 period the Chilean trade balance showed a surplus of $878.9 million, which is 45.1 percent higher than the surplus in the same period of 1985. Chilean exports totaled $3,136,800,000 and imports totaled $2,257,900,000 during the first 9 months of 1986. [Summary] [Santiago Domestic Service in Spanish 0930 GMT 8 Nov 86 PY]

NEW FRENCH AMBASSADOR -- President August Pinochet today received the credentials of the new French ambassador to Chile, Francois Mouton. [Summary] [Santiago Radio Chilena in Spanish 2200 GMT 14 Nov 86 PY]

COLUMN VIEWS CENTRAL AMERICAN PEACE PROSPECTS

PA201825 Bogota EL SIGLO in Spanish 16 Nov 86 p 5

["Corner of the World" column: "Will Contadora Resurface?"]

[Text] Once more, the crisis in Central America has become the focus of attention of the international press. Why? Because in its sessions of the past few days, the OAS General Assembly discussed the subject and asserted that only the mediation efforts of the Contadora Group have prevented the conflict from becoming generalized.

Most leaders of the region think otherwise. Partially because of their own conviction and partially because of pressures from the United States, they believe that all that Contadora has done is to maintain the popularity of Daniel Ortega's regime in Nicaragua.

Most particularly, Honduras and Costa Rica see things this way. These are the two countries that have found themselves more heavily engulfed in the internal conflict in Nicaragua, and that is why it is believed that only through pressures to overthrow Commander Ortega can any thought be given to improving the situation in the Central American area insofar as peace is concerned.

Other nations believe, however, that the matter is not that simple. In the first place, it would not be so easy, or at least not as easy as the Nicaraguan rebels think, to put an end to the Sandinist regime, even if Ortega falls. In addition, the tense situation in El Salvador, which is close nearby, does not leave room for optimism.

The similarity of the two options is evident. Even though circumstances are contrapuntal, the end is the same: to overthrow governments. In the meantime, many will suffer the consequences of this effort.

Therefore, returning to the problem as a whole, it is hard to believe that Contadora can make any contribution to peace in the region or that Ortega's simple overthrow will do the trick by itself. This is the concern hanging over the warlike atmosphere.

ARGENTINE GOVERNOR MEETS STROESSNER, VIEWS TIES

PY201304 Asuncion EL DIARIO in Spanish 19 Nov 86 p 13

[Excerpt] Misiones Province Governor Ricardo Barrios Arrechea said yesterday that Stroessner and Alfonsin might meet when the Encarnacion-Posadas bridge is finished. The Argentine governor, who was received by Stroessner at the Lopez Palace, explained, however, that such a meeting has to be decided upon by "the two Foreign Ministries, and not by a governor."

Barrios Arrechea visited Government Palace yesterday morning, in the company of Raul Quijano, Argentine ambassador to Paraguay, and members of his official entourage.

After having talked with President Stroessner for 1 hour, Barrios Arrechea told the press that he wanted to thank the president for having received him. He added Stroessner has a great knowledge of the history of the two countries.

Barrios Arrechea then said: "We have expressed our special thanks for the Paraguayan support of Argentina on the Malvinas issue, and for the agreement reached on the Misiones electricity project. This project is very important for us, not only because it will allow Misiones to purchase electrical energy, but also because it shows that there has been a political will to reach an agreement on this project."

Barrios Arrechea was referring to the electrical project that will connect Encarnacion to Posadas, and Carlos Antonio Lopez (Neembucu) to El Dorado (Argentina), according to an agreement signed between the National Electric Power Administration (ANDE), and the "Electricidad de Misiones S.A." (EMSA).

Barrios Arrechea then emphasized the spirit of achieving closer cooperation and integration between the two countries by saying: "We are neighbors whose families have been traditionally related. We have a common history." He mentioned the border committees existing between Argentine and Paraguayan cities, as an example of this cooperation and integration. [passage omitted]

URUGUAYAN TRANSPORT MINISTER ON FREE ZONE PORT

PY061651 Asuncion EL DIARIO in Spanish 6 Nov 86 p 7

[Text] Uruguayan Transportation and Public Works Minister Jorge Sanguinetti arrived in Asuncion yesterday, and stressed his country's interest in increasing cooperative and complementary efforts with Paraguay. Sanguinetti, who met with President Stroessner, will sign an agreement in the Paraguayan Foreign Ministry this morning. The agreement will establish a free zone for Paraguay in the port of Neuva Palmira in Uruguay.

The Uruguayan willingness to increase bilateral exchange and further mutual understanding with Paraguay was stressed by Minister Sanguinetti after his meeting with President Stroessner in Government House.

The Uruguayan minister arrived in our country at 0900 yesterday and immediately started his activities with high-ranking government officials. He was received by President Stroessner at 1030, and pointed out the Uruguayan interest in reaching further understandings between the two countries.

During the audience, President Stroessner exchanged greetings messages with Uruguayan President Julio Maria Sanguinetti, through the Uruguayan minister.

After the audience with the Paraguayan president, the Uruguayan minister told reporters that the meeting had been very cordial. He said they spoke about "the meaning of Latin American economic integration, and the need to join efforts to improve the standard of living of our countries."

Sanguinetti said that "Uruguay is willing and able to cooperate with Paraguay." He added that having a free zone in Uruguay represents another option for a sea outlet for Paraguay.

He explained that there has always been understanding between Paraguay and Uruguay and that the purpose of these new contacts is to further consolidate our friendship ties.

Afterward, Minister Sanguinetti went to the Paraguayan Foreign Ministry where he held a meeting with Foreign Minister Carlos Augusto Saldivar. After the meeting, Sanguinetti told the media that the main idea is to increase exchange. "We will sign an agreement by which Uruguay will hand over to Paraguay a free zone in the Nueva Palmira port." He then remarked on the Uruguayan interest in seeking greater complementation.

"We believe that Latin America is living through a process of integration which is necessary for the improvement of our product prices, inter-regional trade, and our services. Therefore, Latin American integration which in the past was just an option, is now, I believe, an obligation for the improvement of the standard of living of our peoples."

When asked if the Joint Paraguayan-Uruguayan Industrial and Trade Commission will be reactivated, Minister Sanguinetti answered: "This subject depends on the Foreign Ministry."

SHINING PATH LEADER DYING, WIFE RETURNS

WA211300 Lima EL NACIONAL in Spanish 6 Nov 86 p 8

[Text] Augusta La Torre, wife of the top leader of Shining Path (whom many students of the subversive phenomenon in Peru consider the true ideologue of subversion in the Andes), is being sought intensively by police intelligence services after it was learned that she entered the country secretly at the end of last month along the northern border.

Augusta La Torre had been living in France for some time although her exact location there was a complete mystery. Now it is known that she decided to return accompanied by two other high officials of the Communist Party (Sendero Luminoso) who also lived in that French capital: Maximiliano Durand Araujo and Hildebrando Perez Huarancca.

It is not known if Augusta La Torre returned alone or was accompanied by the other two, but it is known that the Shining Path Central Committee decided that the three should head the subversive organization because of the serious losses of political and military cadres in the organization in recent months who must be replaced immediately.

It has been speculated in police circles that the decision of the Senderist leadership to summon the three, and in particular Augusta La Torre, was the deteriorating health of Shining Path chief Abimael Guzman Reynoso, better known as "Comrade Gonzalo," who for some time now has been suffering from chronic nephritis and generalized psoriasis. It is believed that he could be dying, or in the worst of cases that he had died, considering that the absolute silence on this matter is based on the political necessity of not demoralizing his followers with reports of losses of this kind.

Also, it has been speculated that Augusta La Torre might have come with the sole purpose of taking Abimael Guzman out of the country, inasmuch as there is no way his physical ills can be treated in Peru. The strict secrecy of this organization makes it difficult to treat his nephritis in a specialized hospital.

The nephritis he suffers is a chronic irreversible kidney disease characterized by a slow deterioration of the renal filtering process. To date, the only solution to the problem is kidney transplant. In the case of Abimael, and in accordance with his wife's plan, he would have to be operated on in a specialized center abroad, perhaps in China.

Police intelligence services knew that Augusta La Torre, Maximiliano Durand and Hildebrando Perez Huarancca had established residence in Paris and that periodically they left the French capital for European capitals to propagate the principles of Shining Path.

Maximiliano Durand Araujo is also a reputed scientist specializing in solar energy. His knowledge on this subject has enabled him to be considered as a lecturer in special courses at European universities. He was imprisoned in Lima in 1980 and 1981 then released for lack of proof concerning his status as a leader of Shining Path.

Hildebrando Perez Huarancca made front-page news with his escape from the Huanamga jail in 1982. As is recalled, on that occasion, 100 inmates accused on terrorism escaped, among them the well-known guerrilla Edith Lagos who was later killed by army troops. Perez combines the skill, recognized by opposing factions, of being an outstanding storyteller and poet.

Augusta La Torre, daughter of an upper middle class family noted for her exceptional intelligence and political analysis skill, is rightly considered the number two person in Shining Path. However, she was never publicly identified in that capacity, preferring the modest position of a base level militant, although in practice her work consisted of acting as assistant to her husband, the head of Shining Path.

Even before her hurried departure from the country at the beginning of 1980 or the end of 1979, La Torre shared the shadows of power in the organization with Antonio Diaz Martinez, killed by the Army during the Lurigancho riots; Catalina Adrianzen, recently released with her mental faculties impaired as a result of her imprisonment; Kawate Makobe, apparently retired from politics and residing in Ica; and Osman Morote Barrionuevo. According to military intelligence services, the last-named probably would head Shining Path in the event of the departure of "Comrade Gonzalo" for reasons of health.

It is known that Osman Morote is the only one of the original Shining Path leaders who remains at the side of Abimiel, apparently named to the leadership by Julio Cesar Mezzich.

Although unconfirmed, police sources speculated that the secret return of Augusta La Torre is connected with the discovery of an arsenal of weapons in the wooded area of Pacae, Tingo Maria, where police recently seized an arsenal of 20 weapons, among them 15 Brazilian-made URO submachine guns, and at the time found documentation revealing the presence of Augusta La Torre in Lima. The search in Pacae continued into dawn today with the raid on another terrorist bastion in which eight Dircote [Counterterrorism Directorate] agents came from Lima expressly to take part in the operation.

BRIEFS

ITALY GRANTS LOAN -- The Italian Government has granted Peru a $150 million loan. This is the largest loan ever granted by this country to a Latin American country, Minister of the Presidency Nicanor Mujica has said. The loan was granted at a symbolic 1.5 percent annual interest rate to be paid in 20 years plus a 10 year grace period. The money will be invested in developing milk and alpaca wool industries, for building the Cusco-Santo Tomas highway, and building peasant education centers. The loan was granted by the Italian cooperative sector, which is an evidence of the Italian solidarity toward our country. [Text] [Lima Canal 9 Television in Spanish 0250 GMT 17 Nov 86 PY]

ALITALIA FLIES TO LIMA -- Lima, 28 Oct (AFP) -- The Italian airline Alitalia today resumed its flights to Lima after having suspended them for 12 years. Alitalia Director for Governmental Matters Aldo Strani has said that these flights will intensify and strengthen Peruvian-Italian ties. Alitalia will have two Rome-Caracas-Lima flights per week. [Summary] [Paris AFP in Spanish 1808 GMT 28 Oct 86 PY]

BELIZEAN MINISTER SAYS U.S. TROOPS NOT WELCOME

FL202141 Mexico City NOTIMEX in Spanish 0459 GMT 20 Nov 86

[Text] Mexico City, 19 Nov (NOTIMEX) -- The Government of Belize in no way favors the presence of U.S. troops in its territory, Foreign Minister Dean Barrow has declared here.

Meeting with a group of Mexican senators led by Senate Speaker Antonio Riva Palacio Lopez, Barrows maintained that if Belize allowed the American military to come in, the other Central American nations would see this as a provocation. This would be an undesirable development, he stressed.

He stated that aside from defending the principles of sovereignty and self-determination, his government does not want to be the stage for provocation or to foster conflict in the area. He added that Belize, like Mexico, advocates peaceful coexistence among states and promotes dialogue as the means to solve problems. Barrow said in this connection that his country supports the diplomatic efforts in Central America of the Contadora Group, and emphasized that negotiation is the best vehicle to resolve the regional conflict.

Lastly, he said that Belize deplores the behavior of some powers that are trying to exploit the Latin American situation ideologically. Belize also condemns any move to militarize Central America.

For his part, Antonio Riva Palacio noted that even though Mexico and Belize follow two diametrically opposed political systems, their relations are solid and respectful of each other. He remarked that Belize meets all necessary conditions to join in the strategy of Latin American integration, its membership in the British Commonwealth notwithstanding.

SHULTZ' STATEMENTS ON TENSIONS REVIEWED

PA202206 Mexico City UNOMASUNO In Spanish 16 Nov 86 p 3

[Editorial: "Differences With the United States in an Open Debate"]

[Text] The differences between Washington and the Mexican Government have reached such a point that they have surfaced at the diplomatic level. The statements made by Secretary of State George Shultz, who said there are tensions between Mexico and the United States, have put our Foreign Ministry in a difficult situation.

A response is needed in view of Shultz' acknowledgement of the situation, because we cannot be silent with regard to a public statement that breaks with protocols of friendship. Jorge Espinosa de los Reyes, Mexican ambassador in the United States, had the task of responding in an equally firm manner. However, on top of all of the statements made by both sides, the coincidence is evident. Without a doubt, both sides have decided to admit, in explicit diplomatic terms, that the tensions are growing and that they are for real. The time when friction was implied between the lines and when there was careful good-neighbor rhetoric has ended.

The fact that Washington has stated it considers Mexico among the opposing countries calls for reflection. It is obvious that this is dictated by politics because such marked aggressive attitudes reflected in the pressures regarding drug-trafficking issues, the Simpson-Rodino Law, or the campaign sponsored by U.S. Government agencies in the U.S. news media to discredit Mexico cannot possibly be hidden.

The ties between the administrations of Miguel de la Madrid and Ronald Reagan are not good because, besides the already mentioned issues, there is one that should be evaluated as the focal point of the remaining disagreements: Central America. In this region, Reagan is not only defending the strategic interests of the imperialists, which have been defended by all governments that have passed through the White House, but the U.S. President also has a particular obsession of his own. He has a political need to push back what he considers to be a communist advance.

Washington views the Sandinist revolution in Nicaragua within that framework. It is precisely that communist objective which the Mexican Government opposes by being one of the fundamental protagonists of Contadora. The Mexican Government has tried to mediate between Washington and Managua through Contadora and the different diplomatic paths. The Nicaraguan process is popular, nationalist, and autonomous. The people of that country have the right to choose the solutions and the means to carry out their structural changes. The desire of Mexican foreign policy is to find an interlocutor in the White House and to find a willingness to end the threats of war and foreign intervention.

These perspectives are therefore not suitable for Reagan, because his intentions are to impose a solution based on force. Such a great difference in the points of view have been broached by Washington through its aggression against Mexico. All the unfriendly acts previously mentioned have developed throughout this 6-year period with the aggravating circumstance of an even greater attack: the support of the Mexican right-wing groups, Reagan's attempt to destabilize our political system.

Consequently, the admission by both governments that there is tension between them is nothing more than a development called for by the circumstances. There is no sense in maintaining formality or in using rhetoric to hide reality.

PETRICIOLI REPORTS ON 'CRITICAL STOCK' CREDITS

FL202033 Mexico City NOTIMEX in Spanish 0036 GMT 20 Nov 86

[Text] Mexico City, 19 Nov, (NOTIMEX) -- Finance and Public Credit Secretary Gustavo Petricioli said today that Mexico will have at its disposal $14.2 billion during the rest of this year and the next. Speaking at the Chamber of Deputies' 53d session, Petricioli asserted that the main phase of efforts to obtain foreign funds has ended, Mexico having won the support of international banks in the creation of the so-called critical stock [masa critica] with a commitment of 90 percent of the total amount.

He said that international financial organizations have formally acknowledged this and hence Mexico can begin to use the resources pledged by those banks, as well as the loans granted by commercial banks, to bridge the time until the appropriate contracts are signed.

Regarding the make up of the so-called critical stock, Petricioli said that Mexico will be able to immediately use the last $750 million of the $1.6 billion bridge-loan approved in September. Some $850 million have already been paid.

The World Bank has also granted a $500-million credit to assist our country's foreign trade, the first $300 million of which were made immediately available 11 November.

He added that around $600 million are already available from the agreement with the IMF for $1.72 billion (1.4 billion in special drawing rights).

The agreement with the Paris Club is in effect and it will make it possible to reorganize the $1.8-billion debt with official creditors on a 10 year-term.

The possibilities of formalizing the credit package already negotiated with Japan for $1 billion will allow Mexico to implement three priority projects: Pacific oil, the second stage of the iron and steel works (Sicartsa), [Lazaro Cardenas - Las Truchas Steel Complex], and the export program.

Petricioli stated that having obtained 90 percent of the critical stock of credits is proof that banks are about to fulfill the totality of their commitments. This will take place in the next few days as soon as the respective contracts are negotiated. He told legislators that these contracts will be signed in New York, possibly in the first days of December.

ECONOMIC REPORT GIVES DOMESTIC DEBT FIGURES

FL210117 Mexico City NOTIMEX in Spanish 2136 GMT 20 Nov 86

[Text] Mexico City, 19 Nov (NOTIMEX) -- The Finance Secretariat announced today that the federal government's domestic debt amounted to 17,699,920,000,000 pesos at the close of the third quarter of 1986, a 77.8 percent increase over last year.

The government estimtes that the domestic debt will rise to 37.1 trillion pesos by the end of 1986, a leap of 274.7 percent for the year, because most expenditures are made in the last quarter.

These figures are set out in the country's economic report for the third quarter of 1986. It includes the public sector debt, which rose to 7,241,200,000,000 pesos. The report says that the government deficit was recovered with an internal credit of 7,422,500,000,000 pesos. A number of banks gave credits amounting to 2,983,300,000,000; the Bank of Mexico provided 3,271,900,000,000; and 1,167,300,000,000 came from government securities.

The federal government's deficit was the result of a total income of 8,968,500,000,000 and net expenditures of 15,514,200,000,000. The peso rate is 845 per dollar.

The report notes that the government deficit owed principally to the drop in oil prices, scarcity of foreign credits, a fall in tax revenues, and low oil exports. For the first time in 10 years, Mexican Petroleum (PEMEX) recorded a deficit of 246.6 billion pesos for the year so far, while the other state-controlled companies and organs showed a surplus of 32.9 billion pesos.

The report, presented to the Mexican congress, states that PEMEX's deficit contrasts with the surpluses it used to report in years past. However, the document makes clear that this drastic shortfall in PEMEX earnings resulted from the plunge in oil prices on the international market, affecting both the company and public sector finances.

Moreover, the report indicated that tax revenues went down by 1,148,400,000,000 pesos. It makes clear that the tax collection structure is sound. [sentence as received]

Revenues from income tax amounted to 2,373,800,000,000; those from the value added tax amounted to 1,467,500,000,000 pesos; from the special tax on production and services 475.4 billion; and others 608,300,000,000 pesos.

Capital and non-tax revenues amounted 542.3 billion and those from the petroleum sector to 3,501,200,000,000 pesos.

Referring to the balance of payments, the report indicates that it was unfavorable because of the big reduction in earnings from oil exports. The deficit was $1,553,700,000.

The report notes that $5,708,400,000 in interest on the foreign debt have been paid during the first 9 months of 1986.

In the third quarter of 1986 alone, servicing the foreign debt cost $2,742,300,000 of which $1,567,000,000 were spent on interest and $1,175,300,000 on capital.

Regarding the exchange market, the finance secretariat asys that from January to September, the controlled rate suffered an accumulated reduction of 102.2 percent as compared with 31 December 1985. The rate was 744 pesos per dollar at the end of this month. The free rate went down 70.3 percent and stood at 762 per dollar on 30 September.

The report stated that up to September, international reserves followed a relatively favorable trend helped by the behavior of the free market exchange, despite the non-existence of foreign credits and the drop in oil export revenues.

COSTA RICA

ARIAS, HABIB DISCUSS REGION, UPCOMING TRIP

PA201531 San Jose Radio Reloj in Spanish 1200 GMT 20 Nov 86

[Text] Last night, during a lengthy meeting, Costa Rican President Oscar Arias Sanchez discussed his upcoming trip to Washington with Philip Habib, U.S. special envoy for Central America. Arias Sanchez will leave on 3 December for the United States. On 4 December he is to meet with U.S. President Reagan. He will be back in Costa Rica on Saturday, 6 December.

During his meeting with Ronald Reagan, President Arias Sanchez will discuss the situation in Central America and Costa Rica's economic problems. President Arias will inform President Reagan about current negotiations with commercial bankers and future negotiations with other organizations. This point was analyzed during the meeting. Arias Sanchez said he was optimistic about what will be achieved during the upcoming trip.

Arias Sanchez told Philip Habib that without democracy there will be no peace in Central America. The situation in the region and the possibilities of achieving peace were some of the topics discussed.

Regarding the meeting, Costa Rican Foreign Minister Rodrigo Madrigal Nieto said it was not much different from previous ones as it had covered the current status of the same problems.

U.S. Ambassador Philip Habib said he had accepted Arias Sanchez' advice during the meeting in which they reviewed the situation in Central America, and it helped him learn more about the problem. He stressed that the friends of the United States are certain that country supports efforts to find a just and real peace and that it takes all matters into consideration including the Contadora Group's 21 points. Habib said his trip to Costa Rica is the first leg of his tour of Central America.

Madrigal Views Visit

PA201850 San Jose Radio Reloj in Spanish 1200 GMT 20 Nov 86

[Excerpts] Costa Rican Foreign Minister Rodrigo Madrigal Nieto has said the president will decide who will accompany him to Washington. It was first reported that in addition to the president, the foreign relations, finance, and presidency ministers, as well as officials in charge of protocol and the press will be going to Washington. [passage omitted]

According to the official program during his stay in Washington Arias Sanchez will hold several other meetings in addition to his meeting with U.S. President Ronald Reagan. The Costa Rican foreign minister said meetings with U.S. Secretary of State George Shultz and several bankers are expected. The foreign minister stated that Arias received the invitation to visit Washington recently, that the date was confirmed yesterday afternoon, and that it was reconfirmed last night by U.S. Envoy Philip Habib.

Foreign Minister Rodrigo Madrigal Nieto said his country should make efforts to make sure the United States delivers the $300 million that it earmarked for Central America as the means to obtain $100 million for the Nicaraguan counterrevolution. Yesterday, Madrigal said he had no knowledge about an official report stating that Guatemala, Honduras, and Costa Rica would not be getting those funds. He stressed that this matter was not analyzed yesterday during the meeting between the Costa Rican president and the U.S. special envoy for Central America.

COURT TO EXTRADITE SUSPECT IN CHAMORRO MURDER

PA201959 San Jose Radio Reloj in Spanish 1200 GMT 20 Nov 86

[Text] The Punta Arenas Penal Court has approved a request for the extradition of Nicaraguan Silvio Vega. The Sandinist Government is seeking him. Silvio Vega has been accused of murdering Nicaraguan journalist Pedro Joaquin Chamorro on 10 January 1978. The Punta Arenas authorities arrested Vega in June this year after seeking him in connection with that crime.

The report added that Silvio Vega's defense attorney may appeal the decision by the Punta Arenas court. The appeal seeks to prevent his extradition because he will have to face a murder charge. Moreover, it was stated that Vega's family, possibly including his wife, are suing him for unpaid child support.

EL SALVADOR

DUARTE NOTES UN TRIP, VIEWS UNTS BREAK

PA202112 San Salvador Radio Cadena YSKL in Spanish 1800 GMT 20 Nov 86

[Interview with Salvadoran President Jose Napoleon Duarte by unidentified reporter; place and date not given -- recorded; broadcast in progress]

[Excerpt] [Duarte] ... we will go accompanied by General Onecifero Blandon, private sector representative Mr [name indistinct] Regalado, and a labor representative. We will go to the United Nations to address the UN General Assembly. Later on that day, we will attend a working meeting with representatives from donor nations which the UN secretary general will kindly summon.

[Reporter] Mr President, does the government feel it has won with the departure of the UPD [Democratic Popular Unity] from the UNTS [National Union of Salvadoran Workers]?

[Duarte] I think we must realize that the country needs to learn about democratic life. All these developments in which there are differences and divisions among the diverse sectors of the country's life, the labor sector in this case, are part of democracy's maturing process. Obviously, I would prefer that all the labor forces were united, not separated. The working class needs to have a social force capable of having an impact on the country's life. If the working class begins to break up -- no matter why -- then it is going to lose the little strength it now has. If we look at the number of unionized workers, we note their numbers are, relatively speaking, very small. That is a weak point for Salvadoran society. A democratic Salvadoran society needs a strong working class.

[Reporter] Mr President, what do you think about Jesse Jackson's visit to participate in the (?UNTS) march?

[Duarte] That is another matter. I do not know if he is coming or not. Any person who comes to this country to stir up problems or to become involved in the country's life is breaking the law. That is not acceptable or permissible. [passage omitted]

HONDURAS

AZCONA REVIEWS TRIP, DISCUSSES HEALTH PROBLEM

PA210030 Tegucigalpa Cadena Audio Video in Spanish 1130 GMT 20 Nov 86

[Interview with Honduran President Jose Azcona Hoyo by Rodrigo Wong Arevalo, Cadena Audio Video news director, in Tegucigalpa on 20 November -- live]

[Excerpts] [Passage omitted] [Wong] Mr President, would you have any trouble telling us about the Caribbean basin summit that has caused so much comment?

[Azcona] Well, no. I think that it was a very big meeting, mainly because of the presence of people from all the countries who attended the meeting to try to extend their trade relations with that great market which is the United States. I thought the presence of so many people could be beneficial for our businessmen, primarily because there were too many people from other countries who were offering almost the same things we offered. [sentence as heard] However, at 1000 yesterday, I met with a group of Honduran businessmen and told them of my concern over that situation, but I was very pleased to learn that numerous businessmen made very important contacts and that activities that will benefit Honduras will soon begin. I was very pleased because our businessmen are the ones who conclude the deals. They will give continuity to the business relations they established, because we live a free economy here in Honduras.

I was also pleased to learn that the Caterpillar vice president said his company is willing to import clinker [preceding word in English] and cement from Honduras. The opening of a market for cement and clinker in bulk offers great prospects for Honduras because, as we all know, with the completion of the fifth cement expansion, we will have a production capacity of 1.25 million tons of cement. Clinker is cement at the last stage of processing -- that is to say, it is the cement that has gone through the first pulverizing process and the kiln. We have this possibility, among others. Therefore, if they help us to export cement and clinker in bulk, new prospects will open for the Honduran cement industry.

[Wong] Did you observe any interest by foreign investors in coming and participating in the industrial complexes which could soon be built in Honduras?

[Azcona] Yes, that possibility exists. But we are not only dealing with manufacturing-type industry, but also with other types of industries, because as you know, quotas are being established in the United States, and this somewhat limits these types of industries. However, foreign investors are interested in other types of industries like the cement industry and of course in industries that can be built in industrial complexes.

I think there was a meeting of Honduran businessmen in Miami, and I believe they reached some agreements on the changes that must be made to the law to promote the development of the industrial complex.

I even think that there is an important point of that law that was left out and with which the Honduran businessmen will agree. The Honduran items that are part of our traditional exports should pay their entrance to an industrial processing zone in dollars so those dollars will enter the Honduran foreign exchange flow; otherwise, that money would enter in lempiras. Because there is no control over the dollars that leave an industrial zone, the Honduran balance of payment would be somewhat affected.

Those are small details we have to finish. We have to reach agreements with the Honduran Congress to create a law for industrial complexes that benefits not only investors, but also the Honduran people, treasury, and the people in general.

[Wong] Do you think that in this way the differences between the industrial and enterprise sectors over whether or not it would be advisable to authorize total tax exemption -- that is, to free industrial zones from fiscal duties -- would disappear?

[Azcona] Well, we can authorize an income tax exemption and even an exemption from the local [vecinal] tax, because that is an incentive offered by all countries. Investors are not going to come to Honduras because it is a beautiful country or because Hondurans are kind. They invest in places where they can obtain profits, and we have to be realistic and not sentimental on that. We have to be clear. If Guatemalan and Panamanian industrial complexes offer advantages we do not, investors will go to those countries.

We do not want this to happen. We have to create a law without loopholes or cracks by which it could be used for other purposes. For example, once people heard about the income tax exemption, they began making comments like: Okay, if we do not have to pay income taxes in those zones, then we can settle our industries there, and if we have to supply the local market, we will pay taxes on the imported items, but we will still avoid paying income taxes. Therefore, the government must draft a law and a set of rules so the industrial complex serves only the reason for its existence: to become an industrial processing zone for exports products.

Evidently, if an industrialist cannot export all his products, if he suffers any setbacks, or if Honduras needs one of those products, then the products can enter Honduras by paying the appropriate taxes. [passage omitted]

[Wong] Yesterday, a telex from Jerusalem, Israel, commented upon your upcoming visit to that country. A Jerusalem government radio station suggested that the Honduran Government has already decided to buy Kfir planes instead of the U.S.-made F-5 planes. What can you say about this?

[Azcona] No, that is not true. The purchase of those planes is being handled by the Honduran Armed Forces. The Army must determine what the most suitable equipment is. The truth is the Army does need some units to maintain the supremacy of the Honduran Air Force, not only because of the problem in Nicaragua, but also because we have the smallest army in Central America. We have a very small Navy and a small Air Force, although it is highly technical and filled with very capable people. This is part of the Honduran tradition. The most important thing is that the members of the Honduran Army feel proud of the supremacy of the Honduran Air Force, and they wish to maintain it. The Honduran Army is studying the most suitable offers within Honduras' capabilities and the aid the United States is giving it.

[Wong] You told us, media directors, that if Honduras acquired those planes it would not cost the Honduran people a single penny. Is this correct?

[Azcona] Combat planes, yes. That is the idea we have, so we are insisting upon [words indistinct] of plane. As I said before, the purchase of those planes is handled by the Armed Forces. They have the U.S. aid and their own budget, so they will responsibly decide on what is the most suitable purchase for them and for Honduras, fulfilling the attributions and high duties that the Constitution establishes for them. [passage omitted]

[Wong] Well, Mr President, thank you very much. We take the opportunity to recommend, as we have done before in private talks, that you take it easy because you still have 3 more years of a presidential administration that seems to be a difficult one. The country...

[Azcona, interrupting] We want to say that we are perfectly well. We had a low blood pressure problem in Miami which was caused by lack of sleep during the previous night. That day, I met with several delegations from 0830 until dinner time, and I did not have any dinner, so my blood pressure lowered. My blood pressures tends to lower, but when I eat properly, do exercise, and drink my Coca Cola, I do not have any problem. I went through several medical checkups, and I can tell you that, for my age, I am more than fit regarding my heart conditions. They did an electrocardiogram along with a stress test, and they told me -- well, I understood that the pulse rate should increase to 160 after 10 minutes of the stress test, and my pulse rate increased to 138 after 15 minutes of stress, so we cannot be any better.

My low blood pressure problem is nothing new; we have always suffered from that. Doctors say that this is not a bad problem because any candy or glass of Coca Cola can pull the blood pressure up when they are taken in time. Obviously, one cannot abuse one's own body. One cannot go without eating or sleeping for days. [passage omitted]

[Wong] Mr President, do you have any information regarding the border incidents, which have involved heavy clashes between the Honduran and the Sandinist Armies?

[Azcona] They have not been major incidents. For several days, Sandinists have been launching some rockets, hurling grenades, and shooting rifles at us, but those clashes are not as serious as some people put it. For example, THE MIAMI HERALD said yesterday that about 5,000 men, or I do not know how many men [words indistinct] kilometers inside. That is not true. There have been some incidents, but that is not new either, right. It seems that Sandinists want to provoke the Honduran Army to get it to attack them and get it involved in the conflict. However, our Armed Forces are acting prudently and patiently.

[Wong] Regarding the guerrilla cell which the Armed Forces are pursuing in Nombre de Dios, it was said yesterday that the Army killed another rebel. Have you learned anything about this?

[Azcona] It seems to be true. Officially, I have not been told about this. I heard, I was told unofficially by a member of the presidential guard that they had received this report.

As I told you, I returned yesterday, rested for some two hours, and then I attended that meeting and also met with the newsmen, I mean with transporters, with whom I met for almost two hours last night, until 2130. Well, good morning.

[Wong] Thank you very much, Mr President. We are glad that you have returned in good health and that you are back in your office.

Discusses U.S. Visit's Results

PA202000 Tegucigalpa Televisora Hondurena in Spanish 0100 GMT 20 Nov 86

[Excerpts] The Honduran president returned to the country this afternoon from Miami after participating as one of the main speakers in the 10th meeting of Caribbean countries. President Jose Azcona Hoyo suffered a slight ailment from which he recovered without great problem. "This Very Day" newscast obtained exclusive statements from the president who told journalist Marcio Moya the meeting was very successful for Honduras.

[Begin recording] [Passage omitted] [Moya] In Tegucigalpa, there was speculation that the presence of the Honduran foreign minister and some U.S. officials meant that some political negotiations took place in the United States?

[Azcona] No. We spoke but [words indistinct] the topics that always have to be addressed with Abrams, the assistant secretary of state for inter-American affairs.

[Moya] Did you talk with him about aid for Honduras and the way to (?increase) it?

[Azcona] Yes, we spoke about that and about the $300 million which some say has been [words indistinct] there are still possibilities. We are going to do everything possible so this aid will come to Honduras.

[Moya] There is much speculation about the issue of the contras. What was discussed in this regard?

[Azcona] Well, the United States has a plan to give $100 million in aid to the counterrevolutionaries and [words indistinct].

[Moya] What role will Honduras play in this aid for them?

[Azcona] That is a matter between the contras and the United States.

[Moya] Have you already received a report on the situation on the border?

[Azcona] I received a very brief report, but today I will speak with General Regalado Hernandez to obtain a more detailed report. I think what took place was an exchange of fire between positions on the Nicaraguan side, and I think on the Honduran side, but I do not think there is any threat to regional peace.

[Moya] [Words indistinct] meet with Philip Habib tomorrow?

[Azcona] Well, we are going to listen to him. He has been given a job by President Reagan [words indistinct] and we are going to listen to him. Yesterday, in Miami [words indistinct] there was talk that the Contadora countries and the South American countries were going to make a proposal based on economic aid to Central America. We are going to wait for developments regarding all of this.

[Moya] Was Contadora (?ruled out) in Miami?

[Azcona] I expressed some criticism of Contadora in the conference. I also expressed this criticism to the Dominican president in the sense that the Contadora Group, comprised of four leading Latin American countries, and the four members of the Support Group should adopt a somewhat firmer position to push, to pressure the Nicaraguan Government so it will carry out a political opening and give hope to the Nicaraguan opposition that it could have the possibility of reaching power in that country. With this [words indistinct] find a political solution to the problem. [end recording]

The president was very optimistic when he returned. He said he hopes the $300 million [in U.S. aid] has not yet been lost because it would be a positive short-term factor. The Honduran president had expressed concern about the situation and he expressly traveled to the United States to attract investors to Honduras and show them a country at peace that offers full guarantees for them. Let us hope that his efforts will not be wasted by his closest aides.

NICARAGUA

REAGAN SUFFERS CREDIBILITY CRISIS ON IRAN ISSUE

PA202046 Managua Sistema Sandinista Television Network in Spanish 0200 GMT 20 Nov 86

[Text] Trapped by the worst credibility crisis in his 6 years in office, President Ronald Reagan tonight tried to justify the alleged secret negotiations with the Iranian Government in an effort to release the U.S. hostages in Lebanon.

As a result of those negotiations, according to President Ronald Reagan's explanation last week, three U.S. hostages would have been released in Lebanon in exchange -- according to U.S. officials -- for U.S. military spare parts and arms. President Seyyed 'Ali Khamene'i denied Reagan's statements and said the United States met with arms traffickers and not the Iranian Government. The only Iranian officials who met with the U.S. officials were intelligence agents whose objective was to obtain information, the Iranian president said.

The crisis began 2 weeks ago [words indistinct] U.S. Secretary of State George Shultz, although he is responsible for U.S. foreign policy, was not aware of the secret negotiations carried out by order of the National Security Council. Despite the denials, the possibility of Shultz' resignation has not been dismissed. There is also unrest among the congressmen. Senator [name indistinct] said today that to supply arms to Iran would have been the worst U.S. foreign policy mistake. Within a few days Congress may order an investigation of the case.

The Reagan administration [word indistinct], Admiral William [name indistinct], chief of the Joint Chiefs of Staff, plans to inform Congress that the Pentagon knew nothing of the arms negotiations with Iran.

This is the third upset the Reagan administration has suffered in less than 1 month. First, the Republican Party lost its majority in Congress, which will result in serious difficulties for U.S. domestic and foreign policies. Yesterday, also at the U.S. Congress, there was a feeling of [word indistinct] among several congressmen who a few months ago approved $100 million requested by Reagan to continue the war against Nicaragua. Three hundred million dollars which were to be distributed to the Central American leaders, and which were part of the same law, have vanished. The money is not available because it was not included in the budget, State Department spokesman [name indistinct] said.

The Central American leaders who have lent themselves to Reagan's policies in the region in expectation of receiving economic recompense are seeing their plans thwarted and have often compromised their countries' sovereignty.

CONTRAS AMBUSH SWEDISH CONSTRUCTION PROJECT

PA202333 Managua Domestic Service in Spanish 2300 GMT 20 Nov 86

[Text] Revolutionary forces today ambushed a caravan of civilian vehicles which are part of the Swedish project at the Construction Ministry, killing several companeros and kidnapping others -- including the Swede who is in charge of the project.

The Defense Ministry has reported that today at 0800, counterrevlutionary groups ambushed a caravan of civilian vehicles which are part of the Swedish project at the Construction Ministry. The ambush was carried out at Santa Rosa, 6 km southwest of La Libertad, Chontales Department. Three civilian companeros were killed in the criminal action. Their names are: Bismarck Arguello, Lino Cienfuegos, and Juan Rivas. Also, seven civilian companeros were kidnapped, but only the names of Companeros Giovanni Carranza, Olga Aleman, and Enrique Flores are known right now.

The Defense Ministry does not have the names of the other companeros, and has requested them. The kidnapped include the Swede in charge of the Construction Ministry's project. Five vehicles were burned by the mercenaries: one truck, one Nissan Patrol [type of truck], one station wagon, one jeep, and one fuel truck.

EPS forces are chasing the criminals, who avoid any confrontation with the EPS and attack the civilian population.

MANAGUA CLAIMS UPI 'LIED' ON BORDER REPORTS

PA200419 Managua Domestic Service in Spanish 2300 GMT 19 Nov 86

[Text] As we told you earlier, this campaign of misinformation and rumors that is taking on gigantic proportions is being directed by the U.S. Government against Nicaragua.

We have a dispatch that came out at 1642 and is dated in Tegucigalpa. Listen to what it says:

The Sandinist Army is holding positions on a strategic point of the border line across from eastern El Paraiso Department -- they were not inside Honduras -- but not in Honduran territory, press correspondents in the area reported today.

Now listen to what follows:

A U.S. official who asked that he not be identified said on Tuesday that thousands of Sandinist soldiers were mobilized to the border area with Honduras equipped with antiaircraft missiles supposedly to block the way of contras who try to advance toward Nicaragua.

The source said that the Sandinists -- quote, that the Sandinists have been moving into Honduran territory for several days, end quote.

This source is the same U.S. official, who asked not to be identified, who said yesterday that thousands of Sandinists soldiers were mobilized to the border area with Honduras and that they are inside Honduran territory.

This is what AFP said today. However, yesterday in Washington, it was reported that Nicaragua sent several thousand soldiers to Honduras. It was stated that Nicaragua sent several thousand soldiers into Honduran territory to prevent the contras from entering Nicaragua during the upcoming dry season, U.S. sources reported today. It is the same version. The other version that cites Lieutenant Colonel Oscar Flores of the Honduran Army, who has no direct information, UPI says, on how the hostilities occured, but said that it is very probable that they [the clashes] did occur because that is a highly conflictive area, he told UPI. However, that is not what he said. Listen to what he said:

[Begin recording] [Flores] [Words indistinct] the area.

[Unidentified reporter] Then there has been no clash?

[Flores] There has been no clash [words indistinct] or combat between the Honduran Armed Forces and the Sandinist forces. To be totally honest, there has been no fighting inside Honduran territory. Some people started to spread that rumor. Perhaps some people believed it. [end recording]

Despite the poor quality of the recording, it is clear that the Honduran and Sandinist Armies have not fought. The Nicaraguan Army has not entered Honduras. There has been no clash. UPI says he said that, but he did not. However, they lied when they said that Captain Pasos made remarks that she did not make. We want to state also that the Directorate of Public and Foreign Relations of the Defense Ministry will send a formal protest to the head offices and director of the UNITED PRESS INTERNATIONAL agency in Washington to reject the lies that its correspondents in Managua, Osvaldo Bonilla, sent. He cited remarks that Capt Rosa Pasos did not make. Likewise, Douglas Faras, in Cifuentes, Honduras, who works for UPI, cited Capt Pasos remarks that she did not make and which she has rejected outright.

FDN Denies Border 'Clashes'

PA202337 Paris AFP in Spanish 2234 GMT 20 Nov 86

[Text] Tegucigalpa, 20 Nov (AFP) -- The top leadership of the Nicaraguan Democratic Force (FDN) denied here today that "thousands of Sandinist soldiers" are in Honduran territory, as was reported in Washington by an unidentified official of the Reagan administration.

The U.S. official stated on Tuesday that Nicaragua deployed "thousands of Sandinist troops" to the northern border and that they were even occupying Honduran territory in the sector of Las Vegas, in the eastern department of El Paraiso.

Indalecio Rodriguez, member of the FDN National Directorate, told AFP today that after visiting the Nicaraguan border region 3 days ago, he was able to confirm that there are no Sandinist troops in Honduras. He added that some 15 days ago there were fierce clashes in the Nicaraguan sectors of San Jose de Bocay and Wamblan, but not in Honduran territory. He said the FDN "is engaged in fierce fighting" from the northern department of Matagalpa to the southern Nicaragua-Costa Rica border.

Meanwhile, a State Department source in Tegucigalpa denied in statements to AFP that the Honduran Government had requested assistance from the United States to repel incursions by the Sandinist Army.

DAILY REPORTS 'CONTRA' PLANES IN HONDURAS

PA202341 Managua EL NUEVO DIARIO in Spanish 20 Nov 86 p 7

[Text] Tegucigalpa -- Two planes of the fleet that carries military supplies and general assistance to the contras have been parked at the Toncotin Airport for over 15 days.

The DC-6's are parked on one side of the landing strip, near the Aeroservicios private airlines office. One of the planes has a U.S. flag and the registration number N9045n painted on it.

The second plane is "equipped with radar," and the registration number is HC-AXS. Both carry the material for the Nicaraguan rebels to El Aguacate Base, according to sources at the airport.

EDITORIAL BERATES REMARK BY COSTA RICA'S ARIAS

PA200319 Managua BARRICADA in Spanish 19 Nov 86 p 3

[Editorial: "An Insult That Deserves an Answer"]

[Text] Certain provocations are not worthy of a reply, but there are cases in which the insult is so grave that it deserves an answer.

Costa Rican President Oscar Arias, who has been raising his insulting tone against Nicaragua for some time, yesterday dared to state in a minor Panamanian newspaper that "if Sandino were alive, he would be a contra."

Sandino, the foremost national hero of Nicaragua and pride of the Central American people, had never received an insult of this nature.

The Yankee invaders called him a bandit. Anastasio Somoza accused him of being a murderer. Nicaraguan turncoats called him "a mob." Cowards called him an adventurer. Traitors called him a criminal.

No coward, turncoat, aggressor, or traitor had ever thought of gathering all the historical insults against Sandino and calling him a Somozist counterrevolutionary.

Even though deeds of the general of free men admit no comparisons, we suppose that Costa Rica has its own heroes and its people respect them. How would the Costa Ricans react if we said that one of their heroes, if alive, would currently be a servile politician who defends Yankee interests in Central America for a bundle of dollar bills?

Sandino is more than a hero for the Nicaraguans; he is the father of the anti-imperialist revolution and symbol of our nationality. To make matters worse, the insult is even more despicable and vulgar.

We do not care if President Arias' personal heroes are a group of mercenaries and killers at the U.S. Government's service. He has every right.

However, Sandino is the patrimony of a nation of free men who have had the necessary dignity and courage to counter and reject the aggression of Yankee imperialists -- the same one who were defeated by our hero in the battlefield despite the cowardice and treason of those who insulted him.

Sandino is the type of man who cannot be touched with soiled hands.

Sandino is homeland, courage, anti-imperialism, honesty, dignified combat, raised peoples' fists, revolution...Nicaragua.

Sandino should be respected, or we will make sure he is respected.

ORTEGA MEETS WASHINGTON ARCHBISHOP 19 NOV

PA201509 Managua Domestic Service in Spanish 1200 GMT 20 Nov 86

[Text] Commander of the Revolution Daniel Ortega Saavedra, president of Nicaragua, held an almost 1-hour-long meeting last night with Washington D.C. Archbishop Msgr James Hickey.

The archbishop of Washington D.C. thanked the revolutionary government for the courtesies extended both to the visitors from abroad and the clergymen of the country who are participating in the national eucharistic congress. The leader of Washington's Catholic congregation told journalists that he is pleased about the number of faithful Christians who are attending with full freedom and happiness all the eucharistic events. He said that he brings a message of solidarity and of unity in prayer from the U.S. people for Nicaragua.

CARRION URGES SANDINIST OFFENSIVE IMPROVEMENTS

PA202232 Managua Radio Sandino in Spanish 1200 GMT 20 Nov 86

[Text] The offensive undertaken to commemorate the 25th anniversary of the FSLN and the 10th anniversary of the death of revolution leader Carlos Fonseca had positive results. However, these must be improved upon to face next year's demands on the Sandinist revolution.

Carlos Carrion, coordinator of the FSLN Regional Committee [title as heard], made that remark last night during an evaluation event held by various mass and revolutionary organizations to discuss some of the initial results of that offensive.

Before approximately 2,000 mass leaders who filled the auditorium of the Ramirez Goyena National Institute, Carrion said the action of the past 3 months accomplished many things, but left some goals to be met. He said that one of the positive results was the incorporation of 705 new activists into the FSLN. However, he said the enrollment of only 500 new applicants was not satisfactory.

He also extolled more than 500 companeros as activists of a job well done, and praised the work by the regional committee for organization of the FSLN's Zone 10, activist assemblies at work places, the CDS [Sandinist Defense Committees], Sandinist Youth, and others.

ASSEMBLY ENDS CONSTITUTIONAL DEBATE 18 NOV

PA192006 Managua Sistema Sandinista Television Network in Spanish 0200 GMT 19 Nov 86

[Excerpt] After 28 days of sessions, the seven political parties represented at the National Assembly today concluded the debates on the Nicaraguan political constitution. During the debates, many sessions lasted until midnight.

The constitution will be implemented on 9 January 1987, the date of the second anniversary of the Assembly's installation. The most emotional moment came when the president of the National Assembly [Carlos Nunez] announced the results of the vote on the constitution's final article, which refers to the signing of the copies of the constitution.

[Begin Nunez recording] At 1630, Article 202, the final article of the constitution, was approved. [applause] [end recording] [passage omitted]

Reports 1987 Elections

PA201511 Managua Domestic Service in Spanish 1200 GMT 20 Nov 86

[Text] Commander of the Revolution Carlos Nunez Tellez, president of the National Assembly, said yesterday that municipal elections will be held in 1987. He described the events as the second step in the institutionalization of the revolutionary process after the approval of the constitution.

The date of the elections will be decided in accordance with the work that the Assembly will carry out to amend or repeal the laws affected by the new constitution.

REAGAN AT NEWS CONFERENCE 'TENSE', 'HESITANT'

FL201343 Havana Radio Progreso Network in Spanish 1200 GMT 20 Nov 86

[Text] U.S. President Ronald Reagan's new explanations on the illegal supply of weapons to Iran have not convinced the majority of U.S. congressmen, who continue to demand a thorough investigation of the facts and the delimitation of responsibilities. Appearing tense and often hesitant, Reagan appeared for the second time in less than a week on television to attempt to justify the operation. However, not even his so-called charisma was able to convince the most cautious Americans on what is already considered to be his government's worst crisis.

'Credibility Problem' Worse

FL210230 Havana Television Service in Spanish 0100 GMT 21 Nov 86

[Text] According to observers, U.S. interference in the Iran-Iraq conflict by secretly supplying weapons to Iran has created the greatest political scandal in recent years in Washington. The topic produced sharp criticism between the administration and the Congress and undermined the prestige of the Washington government abroad even more.

During a White House news conference last night, U.S. President Ronald Reagan justified his decision to begin secretly supplying [weapons] to that nation. The leader's arguments, which convinced no one, are being called an awkward attempt to use moral reasons to justify interference in sovereign countries.

After the news conference, the number of U.S. citizens who do not approve of Reagan's decision to send weapons to Iran has increased to 82 percent. The increase was evident in opinion polls reported this morning by U.S. news agencies. Democrat Sam Nunn said the contradictions made by the White House president aggravated his credibility problem.

Among the most evident contradictions made by the Yankee leader is the statement: We have had nothing to do with other countries or with supplying them weapons. At the same time he said: There is a third country involved in our secret project with Iran. Israel has been identified in multiple reports as that third country, observers say.

U.S. ARMY IN PANAMA 'PRELUDE' TO NICARAGUA ATTACK

PA202002 Havana International Service in Spanish 1800 GMT 20 Nov 86

[Text] Observers and diplomats have said in San Jose that the reorganization of the 193d Brigade of the U.S. Army's Southern Command, which is headquartered in Panama, could be the prelude to a large-scale aggression against Nicaragua. That brigade was part of a U.S. military detachment involved in the invasion of the island of Grenada in 1983.

CASTRO: U.S. CARIBBEAN TRADE 'DISCRIMINATORY'

FL201629 Havana Tele-Rebelde Network in Spanish 1200 GMT 20 Nov 86

[Text] Commander in Chief Fidel Castro Ruz, Party first secretary and president of the Councils of State and Ministers, has received a group of Dominicans who are visiting Cuba. During their conversation, Fidel referred to the discriminatory nature of U.S. trade relations with Caribbean countries. He said such discrimination has partly caused the serious economic situation prevailing in most Caribbean countries, especially in sugar-producing countries.

DOMINICAN PRESIDENT DENOUNCES U.S. PROTECTIONISM

A190250 Havana International Service in Spanish 2300 GMT 18 Nov 86

[Text] Dominican President Joaquin Balaguer warned in Miami, Florida, that another U.S. reduction of the Dominican Republic's sugar quota would represent the collapse of his country's economy and would threaten the nation's survival. Balaguer voiced harsh criticism against U.S. protectionism during his speech before the [Caribbean Basin Initiative's] 10th conference on trade, investment, and development of the Caribbean.

Speaking at the same conference, Costa Rica Foreign Trade Minister Muni Figueres said that the United States is practicing an ambivalent policy in the area because it created the so-called Caribbean Basin Initiative and, at the same time, established protectionist measures that seriously restrict the exports of the region to the U.S. market.

SURINAME'S HERRENBERG SAYS REBELS NO 'THREAT'

FL191428 Havana Radio Progreso Network in Spanish 1200 GMT 19 Nov 86

[Text] Surinamese Foreign Minister Henk Herrenberg has denied that armed groups operating in the eastern area of his country pose a real threat to the Surinamese Government. Responding to reporters' questions in Paramaribo, Herrenberg denied rumors of a possible opposition control in the French Guiana border zone.

ANPP MEETING ANNOUNCED FOR 25 DECEMBER

FL201354 Havana Radio Progreso Network in Spanish 1200 GMT 20 Nov 86

[Text] Flavio Bravo Pardo, president of the National Assembly of the People's Government [ANPP], has released the official announcement of the ANPP 11th period of sessions to begin 25 December. As it is known, two such meetings are held each year to analyze important state-related matters.

BARBADOS

BARROWS CRITICIZES U.S. 'NEGATIVE' BASIS OF AID

FL202355 Bridgetown CANA in English 2142 GMT 20 Nov 86

[Text] Bridgetown, Barbados, Nov. 20, CANA -- Barbados today chided the United States for what the tourist island's Prime Minister Errol Barrow called the increasingly negative considerations on which U.S.-Caribbean cooperation appeared to be based.

Barrow, the text of whose address to this year's Miami conference on the Caribbean was released here, said that over the past few years Washington's justification for aid to the region had frequently included fear of a communist take-over, an invasion by drug traffickers, or mass immigration to the U.S.

The 66-year-old lawyer-economist, who led Barbados to independence 20 years ago, told the annual meeting of American and Caribbean political and business figures this line of reasoning painted "a terrifying, degrading, and totally false picture of the Caribbean."

"It suggests that what America has lurking offshore is nothing but a sea of troubles, with waves of disasters threatening your domestic tranquility and unless one throws a whole lot of money and possibly guns at the situation, it might blow up in the face of the United States. The cynical view, of course, is that in the context of American domestic politics such rhetoric is needed to sell the idea of helping the Caribbean to the American electorate. The problem is that you might end up believing such nonsense," Barrow declared.

It is dehumanising and false to view the Caribbean as potential American problems, he said. He added: "We are peoples with an identity and a culture and a history -- the parliament of Barbados will be 350 years old in 1989. We don't need lessons in democracy from anyone."

Barrow also criticised what he perceived as an excessive reliance by the Caribbean on the United States -- what he dubbed as the "patronage mendicancy syndrome". Said the Barbados leader: "The Caribbean is not the responsibility of the U.S. and it is totally unfair and unkind to Americans to ask them to shoulder all our burdens."

"However poor we may be, however severe the economic difficulties we face, it must be clearly understood that the well-being and security of our peoples are our own responsibility. Let us face it, with all the money, all the technology and all the will in the world, the U.S. cannot solve the problems of the Caribbean."

He said the U.S. can contribute, and can contribute enormously, but only if the peoples of the Caribbean are themselves determined in a spirit of self-reliance to grapple with those problems. Barrow urged Washington to revert to a system to multilateral aid for the Caribbean in the interest of promoting regional integration and resulting self reliance.

"The most useful role that the U.S. and other industrialised states can play in cooperation with the Caribbean is by strongly supporting multilateralism in the region and by channelling as much of their assistance as possible through the appropriate regional institutions. This approach offers the best prospects for self-sustaining development in the Caribbean," he said.

Barrow, addressing his first Miami conference (his Democratic Labour Party (DLP) won Barbado's last general elections in May) described Washington's Caribbean Basin Initiative (CBI) as a modest but useful effort at helping the region by restricting preferential access for Caribbean exports to the American market.

"Thus if the CBI is producing only very modest results, it is not because it is a failure, but because it is a very modest instrument," he said. With America's massive trade deficit, the clamour for balancing the budget and the "tide of protectionism sweeping the United States", Barrow saw little prospect of getting the American Congress to improve the near three-year-old trade, aid, and cooperation agreement.

Barrow added: "I can only say, and say again, to my friends in (U.S.) Congress: If you are serious about wanting to help the Caribbean, the best thing you can do is to allow all of our exports free and unrestricted access to the American market. Not as a matter of largesse or aid, but as a means of redressing the unfavorable balance of trade which enures exclusively to the benefit of the United States of America." Barrows comments come amidst widespread regional dissatisfaction with the benefits to date of the CBI, centerpiece of which is 12-years of duty free access to the U.S. market for most regional exports.

BRIEFS

JAPANESE, ALGERIAN AMBASSADORS -- Bridgetown, Barbados, Nov. 12, CANA -- Newly appointed Japanese Ambassador to Barbados, Mitsuo Iijima, today presented his credentials to Governor-General Sir Hugh Springer. Iijima, a career diplomat, will be based in Trinidad and Tobago where is also accredited. [Text] [Bridgetown CANA in English 2222 GMT 12 Nov 86 FL] Bridgetown, Barbados, Nov 20 CANA -- Mohamed Sahnoun, Algeria's non-resident ambassador to Barbados, presented his credentials to Governor General Sir Hugh Springer at a brief ceremony yesterday. Sahnoun is his country's ambassador to the United States, where he is based, and also serves as Algerian representative to Jamaica. [Summary] [Bridgetown CANA in English 1618 GMT 20 Nov 86 FL]

DOMINICA

GOVERNMENT BANS RUSSIAN TRADE UNIONISTS

FL182343 Bridgetown CANA in English 1516 GMT 18 Nov 86

[Text] Roseau, Dominica, Nov 18, CANA -- The Dominica Government has announced a ban on Russian trade unionists.

Attorney General Brian Alleyne put the official position to a local labor union which had asked that Soviet trade unionist Vladimir Nikitin be allowed to visit Dominica in December to address a local seminar. Alleyne said in his letter to the National Workers' Union [NWU] here that the trade union traditions and practices in the Soviet Union were fundamentally different and diametrically opposed to our traditions of free, independent, and democratic trade unionism.

In denying permission for the visit, Alleyne said Dominica did not wish to take a retrograde step towards non-democratic state-controlled trade unions which sought to control workers on behalf of the state. NWU President Rawlins Jemmot has expressed deep disappointment about the government's decision. According to Jemmot, trade unions in the state apparatus are in the vanguard of development not only in the Soviet Union but in all socialist countries.

HAITI

2-DAY GENERAL STRIKE REPORTEDLY ENDS

FL201254 Bonaire Trans World Radio in English 1130 GMT 20 Nov 86

[Text] A 2-day general strike ended in Haiti. It was called by many political and labor groups that have emerged since President Jean-Claude Duvalier fled to France last February. Violence was reported Monday and Tuesday [17-18 November] in which two people died by police gunfire in Port-au-Prince.

Drivers Strike; Business Slow

PA210215 Paris AFP in Spanish 2333 GMT 20 Nov 86

[Text] Port-au-Prince, 20 Nov (AFP) -- Public transportation drivers in Port-au-Prince today entered into the fourth consecutive day of a strike while the population's fatigue is increasingly visible, political observers have said here. Thousands of workers went to work on foot, oftentimes at night, and more than 50 percent of workers were present at factories, compared to 30 percent who were there on Wednesday, according to employers' sources.

Schools did not open in the capital or the provinces, and 80 percent of the business establishments in the capital remained closed, while banks and public service operations were sluggish. The strikers are asking that a noncommissioned officer who caused the death of a driver be put to trial.

Meanwhile, the Liaison Committee of Democratic Forces, which comprises 52 parties and small organizations, is demanding the resignation of the president of the National Government Council, and is promoting a general strike. One half of the political leaders abstained from stating their positions. Only the Communist Party condemned the movement, stating that the indefinite duration of the strike is an "irresponsible action."

HERRENBERG ADMITS ALBINA HAS 'FALLEN TO REBELS'

FL202042 Bridgetown CANA in English 2005 GMT 20 Nov 86

[Text] Georgetown, Guyana, Nov 20, CANA -- A top official of Suriname's military government has confirmed that the eastern tourist resort town of Albina has fallen to rebels seeking the ouster of Army strongman Lieutenant-Colonel Desi Bouterse.

Foreign Minister Henk Herrenberg, who visited Guyana this week, was the first government official to publicly admit that the rebel claims were accurate. He told reporters here the Suriname authorities had evacuated about 1,500 residents of the town, near the border with French Guiana.

A rebel group, led by former Bouterse bodyguard Ronnie Brunswijk, has stepped up attacks on military and economic targets over the past few weeks. Herrenberg denied that the primary purpose of his three-day visit to Guyana was to seek assistance for the poorly-equipped, 2,000-member Suriname Army.

They (the rebels) are fighting to end our independence. They hope to frustrate us economically, politically, and socially, but we will win, he told reporters here. Herrenberg said the criminal band numbered about 300 and included mercenaries being paid by former Surinamese politicians living in Holland. Herrenberg said the evacuated Albina residents were temporarily staying in French Guiana, under an agreement with the authorities there. He said the rebels had killed more than 10 civilians within the past months, including military casualties. He, however, said 10 was a moderate figure, as some missing people are unaccounted for. The rebels began their campaign last July with attacks on an Army outpost.

POLICE HEADQUARTERS, RAILWAY ATTACKED BY REBELS

FL202134 Paramaribo International Service in English 1730 GMT 20 Nov 86

[Text] This morning there were shootings in Moengo in the Marowijne District. The Surinamese [news] agency said that the police headquarters were put on fire and that the railway track had been blown up. The news agency also said that the office of district commissioner has been occupied by the attackers who are suspected to be members of the Brunswijk Gang.

The railway in Moengo was constructed to transport bauxite ore from the mines to the Suralco [Surinamese aluminum company] plant in Moengo. When this bulletin was compiled, the fighting was still going on, but there were no further reports of casualties.

FRENCH GUIANA REPORTS REBEL MERCENARIES ARRESTED

FL201318 Bonaire Trans World Radio in English 1130 GMT 20 Nov 86

[Text] Police in French Guiana have arrested three mercenaries who are working for the rebels in Suriname. A radio report says two Britons and a Dutch man are being held in a town near the Marowijne River. After questioning, the men will be deported on a plane to Paris where they will then be sent to their home countries.

PARAMARIBO POWER OUTAGE REPORTED, REBELS BLAMED

FL201309 Bonaire Trans World Radio in English 1130 GMT 20 Nov 86

[Text] A serious power outage occurred yesterday at the Surinamese capital of Paramaribo which blacked out large sections of the city. The state radio station reported that the power cut was caused by rebels led by Ronnie Brunswijk who had blown up two transformer stations in (Paranam), about 30 km south of the capital.